Summary of Settlement of Consolidated Accounts for the Second Quarter of the Fiscal Year Ending March 31, 2023

[Japanese Standards] (Consolidated)

November 11, 2022

Isetan Mitsukoshi Holdings Ltd.

Securities code: 3099 (Listed on the Prime Market of Tokyo Stock Exchange and Fukuoka Stock Exchange)
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Scheduled date of filing of the quarterly securities report (*Shihanki Houkokusho*): November 14, 2022
Scheduled date of dividend payments: December 12, 2022
Preparation of quarterly results supplementary materials: Yes
Convening of quarterly results explanation meeting: Yes (for securities analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated Business Results for the Second Quarter of Fiscal 2022 (From April 1, 2022 to September 30, 2022)

(1) Results of consolidated operations (Percentage figures indicate changes from the second quarter of the previous year.)

	Net Sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2Q of FY2022	222,874	18.6	8,940	-	9,537	-	7,766	-
2Q of FY2021	187,932	-	(7,758)	-	(7,114)	-	(8,136)	-

(Note) Comprehensive income: 2Q of FY2022: ¥17,578 million (-%), 2Q of FY2021: ¥(500) million (-%)

Since the "Accounting Standard for Revenue Recognition," etc. was adopted from the beginning of the first quarter of fiscal 2021, the percentage changes from the results of the second quarter of fiscal 2020 before the adoption of the accounting standard, etc. are not provided.

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
2Q of FY2022	20.35	20.30
2Q of FY2021	(21.35)	-

(2) Consolidated financial position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
2Q of FY2022	1,187,045	533,250	44.4
FY2021	1,168,574	517,660	43.8

(Reference) Shareholders' equity: 2Q of FY2022: ¥526,768 million, FY2021: ¥511,796 million

2. Dividends

	Annual Dividends				
(Record date)	First Quarter	Second Quarter	Third Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	5.00	-	5.00	10.00
FY2022	-	6.00			
FY 2022 (Forecast)			-	6.00	12.00

(Note) Revision to recently announced dividend forecast: No

3. Forecast of Consolidated Results for Fiscal 2022 (From April 1, 2022 to March 31, 2023)

(Percentage figures indicate changes from the previous year.)

	Net sales		Operating Income		Recurring Income		Net Income attributable to Parent Company Shareholders		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	494,000	18.1	24,000	304.0	24,000	152.1	24,000	94.5	62.89

(Note) Revision to recently announced consolidated results forecast: Yes
The forecast is based on the "Accounting Standard for Revenue Recognition," etc., which was adopted from the beginning of the first quarter of the fiscal year ended March 31, 2022. If the accounting standard, etc. had not been adopted, the net sales forecast would be ¥1,075,000 million, an increase of 17.9% from the previous fiscal year.

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
Newly consolidated companies: － Companies removed from consolidation: －

(2) Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements: Yes
Note: For details, please refer to "2. Consolidated Financial Statements and Primary Notes (4) Notes regarding Consolidated Financial Statements (Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)" on page 11.

(3) Changes in accounting policy, changes in accounting estimates or restatement due to correction
1) Changes in accounting policy in line with revision to accounting standards: Yes
2) Other changes: No
3) Changes in accounting estimates: No
4) Restatement due to correction: No

(4) Number of shares issued and outstanding (common stock)
1) Number of shares issued and outstanding at the end of the period (including treasury stock)
2) Number of shares of treasury stock at the end of the period
3) Average number of shares during the period

Second quarter of FY2022	396,794,054 shares	FY2021	396,736,654 shares
Second quarter of FY2022	15,044,627 shares	FY2021	15,199,783 shares
Second quarter of FY2022	381,595,634 shares	Second quarter of FY2021	381,177,847 shares

*** These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or auditing firms.**

* Disclaimer regarding Forward-looking Statements

This report contains forward-looking statements, which are based on the information currently available and certain assumptions the Company considers to be reasonable, and are not intended to be seen as targets that the Company assures it will achieve. Actual results, performance, achievements or financial position may be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. For assumptions on which forward-looking statements are based as well as for precautionary statements in the use of forward-looking statements, please refer to "1. Qualitative Information on the Quarterly Results (3) Explanation regarding Future Outlook Including the Forecast of Consolidated Results" on page 4.

Note:
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. Qualitative Information on the Quarterly Results

(1) Explanation regarding Business Results

During the second quarter of fiscal 2022 (April 1, 2022 to September 30, 2022), the Japanese economy was on a recovery trend, with progress towards the normalization of socio-economic activity due to the lifting of movement restrictions associated with COVID-19. Meanwhile, the outlook for the global economy remained uncertain due to factors such as soaring resource and raw materials prices, price rises due to high inflation, and dramatic movements in foreign exchange rates.

In this business environment, we have designated this fiscal year, the first year of the medium-term management plan (Fiscal 2022–Fiscal 2024), as a year to raise the certainty of "revitalization" and begin preparations for "deployment" in anticipation of "fruiting." Our progress in revitalizing department stores has outpaced the initial plan, and we will work to further expand our results while also aiming to achieve profit levels exceeding our highest-ever post-merger operating income of ¥34.8 billion by 2024.

In our "high sensitivity, fine quality strategy" initiatives, we achieved an increase in sales of out-of-store merchandise such as imported vehicles and real estate by strengthening sales offerings through our out-of-store sales network and direct marketing, to address a wide range of customer needs. The total amount handled by the individual out-of-store sales group exceeded both last year's results and our targets. We also established a dedicated section of "overseas customer representatives" in the Direct Sales Department to strengthen our response to foreign customers residing in or visiting Japan.

In our "CRM Strategy connecting with individual customers" initiatives, we promoted measures to expand the number of "connected individual customers." The number of Isetan Mitsukoshi app subscribers, in particular, significantly exceeded both last year's results and our target, driving an expansion in the number of identified customers. Net sales to identified customers were strong, with net sales to MICARD members to with over one million yen in annual purchases exceeding both last year's results and our target.

In our "stronger intra-Group coordination strategy" initiatives, we steadily expanded insourcing according to the plan, through stronger coordination between Group companies. We also made progress in coordination between divisions companywide, and B-to-B out-of-store sales of Group content to companies outside the Group exceeded the plan in terms of both net sales and new corporate customer acquisition. In addition, we began work on expanding earnings opportunities through initiatives such as offering packages combining the resources of each Group subsidiary.

In our "Mitsukoshi Isetan urban development" initiatives, as a coordinated corporate group, we aim to take part in business opportunities gained from building infrastructure, by providing more customers with multi-use venues to encourage them to "visit, stay, explore, and live in" urban areas.

In our "reforms to the income and expenditure structure" initiatives, we proceeded with reforms to the earnings structure in our domestic department stores business, to make it easier to generate profits, even in highly uncertain business environments, by lowering the break-even point for net sales through a reduction in fixed costs. We aim to further expand operating income through a recovery in net sales and the continued control of the break-even point.

Regarding sustainability initiatives, we engaged in dialogue with our suppliers aimed at implementing supply chain management with consideration for factors such as the environment and human rights. We also announced our support for the "Declaration of Partnership Building." In addition, in the "think good" campaign, a sustainability activity through the department store business, our "Denim de Mirai" project received the spotlight award in the Mainichi Fashion Grand Prix, hosted by The Mainichi Newspapers.

As an initiative to curb the use of resources, we joined the POOL PROJECT TOKYO for plastic resources recycling, while in initiatives to reduce greenhouse gasses, we began works to install captive solar power generating equipment on a PPA model at the Isetan Mitsukoshi Logistics Center.

In other initiatives, we are promoting the readjustment of our corporate philosophy framework to bring about behavioral change, boost the effectiveness of our strategies, and achieve the Group's vision "to be a 'special' department store-centered retail group that enriches the lives of our customers." We will engage in this readjustment through cross-divisional dialogue, questionnaire surveys of all employees, senior management projects, and other measures.

As a result, in the second quarter of the fiscal year under review on a consolidated basis, the Company recorded net sales of ¥222,874 million, up 18.6% year-on-year, operating income of ¥8,940 million compared to operating loss of ¥7,758 million in the second quarter of the previous fiscal year, recurring income of ¥9,537 million compared to recurring loss of ¥7,114 million in the second quarter of the previous fiscal year, and net income attributable to parent company shareholders of ¥7,766 million compared to net loss attributable to parent company shareholders of ¥8,136 million in the second quarter of the previous fiscal year.

Results by segment were as follows.

1) Department Store Business

Domestic department stores experienced a significant recovery in the number of store visitors and purchasing customers, partly due to the lifting of movement restrictions associated with COVID-19, and net sales exceeded both last year's results and our targets. Spending per customer exceeded the level of fiscal 2018, before COVID-19, driven mainly by strong sales of high-ticket items such as luxury brands, jewelry, and watches, particularly in the Tokyo metropolitan area.

At both of our main stores, the Isetan Shinjuku Main Store and Mitsukoshi Nihombashi Main Store, luxury brands, jewelry, and watches performed strongly, boosted by the remodeling undertaken prior to COVID-19, and net sales from the "Tanseikai" and "Ippinkai," which hold special events and receptions, were the highest ever recorded.

In our "high sensitivity, fine quality strategy" initiatives, we developed fine quality content leveraging the attractions of physical stores, centered on our two main stores, created special experience-based events and spaces, and endeavored to provide impressive experiences. We are also utilizing digital tools and our network of locations to expand and enhance special purchasing experiences for out-of-store customers and others at regional department stores, and we will link this to store visits for biannual Tanseikai and Ippinkai events held in Tokyo.

In our "CRM Strategy connecting with individual customers" initiatives, the number of identified customers and net sales to identified customers both increased steadily through the promotion of initiatives to expand identified customers, as we aim for "individual customer-targeted marketing."

Online sales were robust overall, despite the apparent impact of a clear recovery in in-store sales at department stores. In particular, sales at our "meeco" cosmetics e-commerce site, remote shopping, and online sales utilizing tablets and other digital tools exceeded both last year's results and our targets.

Regarding overseas department stores, stores in China continued to face harsh conditions with the lockdown in Shanghai, but sales and operating income at ASEAN stores were strong, significantly exceeding both last year's results and our targets, with a recovery in store visitor numbers due to the resumption of social traffic with the abolition of most restrictions associated with COVID-19.

Segment sales amounted to ¥193,903 million, up 16.5% year-on-year, and operating income was ¥5,133 million, compared to operating loss of ¥12,636 million in the second quarter of the previous fiscal year.

2) Credit & Finance Business/Customer Organization Management Business

In this business, we are engaged in enhancing incidental financial services for the Group's customer base and strengthening our financial product offerings, as well as further expanding the customer base through measures such as alliances with companies outside the Group.

The value of credit card transactions handled by MICARD Co., Ltd. increased year-on-year due to the revitalization of consumer activity. There was a recovery in usage, especially in areas such as travel and restaurants, and the value of transactions outside department stores exceeded the level of fiscal 2018, before COVID-19. We will continue to engage in acquiring new credit card members and promoting credit card usage, aiming for a further expansion in earnings.

Segment sales amounted to ¥14,726 million, up 1.7% year-on-year, and operating income was ¥1,721 million, down 34.0% year-on-year.

3) Real Estate Business

In the real estate business, we are progressively considering ways to maximize the utilization of the Group's real estate in Japan and overseas to create new value.

Isetan Mitsukoshi Property Design Ltd., in its main construction business, achieved a year-on-year increase in revenue due mainly to an increase in the completion of projects for which work had been delayed due to the COVID-19 crisis and an expansion in new orders received.

Segment sales amounted to ¥9,055 million, up 22.4% year-on-year, and operating income was ¥2,108 million, down 15.5% year-on-year.

4) Other Businesses

Isetan Mitsukoshi Business Support Ltd. saw a year-on-year increase in net sales from business within the Group, including delivery and packaging businesses for gifts and other products, as well as cargo handling and inner building delivery businesses for storefront products, as a result of a steady recovery in department store sales. In businesses outside the Group, spot business from existing customers increased, and new customer acquisition progressed steadily.

In the overseas travel business, Mitsukoshi Isetan Nikko Travel, Ltd. resumed its agent-organized overseas package tours in July 2022 after a gap of two years and four months. However, the business is yet to recover fully, and conditions remain harsh. Meanwhile, results improved significantly in the domestic travel business, despite the harsh business environment, with strong orders for high-priced personal travel, mainly from out-of-store customers.

Studio Alta Co., Ltd. turned profitable, with a strong performance in the advertising business, focused on ALTAVISION, due to an expansion in advertising demand associated with the movement of people, as well as the contribution of business restructuring.

Operating income at IMGS CO., LTD. exceeded both last year's results and our targets, with continuing cost control measures adding to strong sales of catalog gifts, due partly to the recovery in visitors to the Group's department stores.

Isetan Mitsukoshi Holdings Ltd. acquired additional shares of the equity method affiliate IM Food Style Ltd. in June 2022, making it a subsidiary. We aim to use it as a high sensitivity, fine quality base network for the Group, to provide customers with fine quality lifestyles to enrich their lives.

Segment sales amounted to ¥31,912 million, up 30.1% year-on-year, and operating loss was ¥171 million, compared to operating loss of ¥313 million in the second quarter of the previous fiscal year.

(2) Explanation regarding Financial Position

Assets, Liabilities and Net Assets

Total assets at the end of the second quarter of the fiscal year under review amounted to ¥1,187,045 million, an increase of ¥18,470 million from the end of the previous fiscal year. This was due mainly to the acquisition of additional shares of IM Food Style Ltd. and its inclusion in the scope of consolidation.

Total liabilities amounted to ¥653,795 million, an increase of ¥2,881 million from the end of the previous fiscal year. This was mainly attributable to an increase in income taxes payable.

Net assets amounted to ¥533,250 million, an increase of ¥15,589 million from the end of the previous fiscal year. This was mainly attributable to the recording of net income attributable to parent company shareholders and an increase in foreign currency translation adjustments.

Cash Flows

Net cash provided by operating activities amounted to ¥23,073 million, an increase in inflows of ¥18,191 million from the first half of the previous fiscal year. This was mainly attributable to such factors as an increase in income before income taxes, due mainly to an increase in net sales and the reform of the income and expenditure structure (a loss before income taxes of ¥7,542 million was recorded in the first half of the previous fiscal year).

Net cash used in investing activities amounted to ¥18,486 million, an increase in outflows of ¥7,219 million from the first half of the previous fiscal year. This was mainly attributable to such factors as payments for the acquisition of additional shares of IM Food Style Ltd.

Net cash used in financing activities amounted to ¥3,289 million, a decrease in outflows of ¥1,278 million from the first half of the previous fiscal year. This was mainly attributable to such factors as a year-on-year decrease in the amount of the reduction in interest-bearing debt.

As a result, cash and cash equivalents at the end of the second quarter were ¥87,699 million, an increase of ¥3,226 million from the end of the previous fiscal year.

(3) Explanation regarding Future Outlook Including the Forecast of Consolidated Results

In light of the business results for the second quarter of the fiscal year under review and the current trends in business performance, we have revised the consolidated results forecast for fiscal 2022 as follows. For details, please see "Announcement of Amendments to the Forecast of Full-year Consolidated Results" released today.

Forecast of Consolidated Results for Fiscal 2022 (From April 1, 2022 to March 31, 2023)

	Net Sales	Operating Income	Recurring Income	Net Income attributable to Parent Company Shareholders	Net Income per Share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	494,000	17,000	17,000	19,000	49.80
Revised forecast (B)	494,000	24,000	24,000	24,000	62.89
Change (B – A)	—	7,000	7,000	5,000	—
Change (%)	—	41.2	41.2	26.3	—
(Reference) Results for the previous fiscal year (fiscal 2021)	418,338	5,940	9,520	12,338	32.36

Note: The forecast is based on the "Accounting Standard for Revenue Recognition," etc., which was adopted from the beginning of the first quarter of the fiscal year ended March 31, 2022. If the accounting standard, etc. had not been adopted, the net sales forecast would be ¥1,075,000 million (an increase of ¥25,000 million or 2.4% from the previous forecast of ¥1,050,000 million).

2. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Fiscal 2021 (As of March 31, 2022)	2Q of Fiscal 2022 (As of September 30, 2022)
ASSETS		
Current assets		
Cash and bank deposits	81,194	84,950
Notes and accounts receivable-trade, and contract assets	120,924	118,773
Marketable securities	768	1,233
Merchandise and finished goods	24,595	25,669
Work in process	345	264
Raw materials and supplies	464	622
Other current assets	23,703	26,929
Less: Allowance for doubtful accounts	(4,239)	(4,258)
Total current assets	247,757	254,183
Property and equipment		
Tangible fixed assets		
Buildings and structures, net	155,908	152,087
Land	527,432	528,761
Other tangible fixed assets, net	24,669	24,701
Total tangible fixed assets	708,010	705,550
Intangible fixed assets		
Software	17,343	17,423
Goodwill	―	11,043
Other intangible fixed assets	23,422	23,409
Total intangible fixed assets	40,765	51,876
Investments and other assets		
Investment securities	120,413	122,469
Other assets	51,730	53,084
Less: Allowance for doubtful accounts	(179)	(182)
Total investments and other assets	171,965	175,370
Total property and equipment	920,741	932,797
Deferred assets		
Bond issue costs	75	63
Total deferred assets	75	63
Total assets	1,168,574	1,187,045

(Millions of yen)

	Fiscal 2021 (As of March 31, 2022)	2Q of Fiscal 2022 (As of September 30, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable	87,102	85,553
Current portion of bonds payable	10,000	10,000
Short-term borrowings	13,145	19,000
Commercial paper	40,000	50,000
Income taxes payable	1,637	5,288
Reserve for loss from redemption of gift vouchers	16,064	16,058
Allowance	9,468	9,460
Other current liabilities	182,419	180,002
Total current liabilities	359,838	375,364
Long-term liabilities		
Bonds payable	30,000	20,000
Long-term debt	82,000	75,800
Deferred tax liabilities	126,921	127,862
Net defined benefit liability	32,827	34,898
Allowance	38	22
Liabilities from application of equity method	3,466	3,592
Other long-term liabilities	15,822	16,255
Total long-term liabilities	291,075	278,430
Total liabilities	650,914	653,795
NET ASSETS		
Shareholders' equity		
Common stock	51,162	51,198
Capital surplus	323,812	323,645
Retained earnings	134,558	140,386
Less: Treasury stock	(18,364)	(18,154)
Total shareholders' equity	491,168	497,076
Accumulated other comprehensive income		
Net unrealized gains (losses) on other securities	5,450	3,453
Deferred gains (losses) on hedges	43	0
Foreign currency translation adjustments	15,501	26,480
Remeasurements of defined benefit plans	(367)	(241)
Total accumulated other comprehensive income	20,627	29,692
Stock acquisition rights	1,115	1,042
Non-controlling interests	4,748	5,438
Total net assets	517,660	533,250
Total liabilities and net assets	1,168,574	1,187,045

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2021 (From April 1, 2021 to September 30, 2021)	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)
Net sales	187,932	222,874
Cost of sales	79,938	90,931
Gross profit	107,993	131,942
Selling, general and administrative expenses	115,751	123,002
Operating income (loss)	(7,758)	8,940
Non-operating income		
Interest income	178	169
Dividend income	265	271
Equity in earnings of affiliates	283	1,278
Gain on donated fixed assets	737	150
Other non-operating income	1,284	622
Total non-operating income	2,748	2,493
Non-operating expenses		
Interest expenses	434	385
Loss on retirement of property and equipment	556	498
Other non-operating expenses	1,113	1,013
Total non-operating expenses	2,105	1,897
Recurring income (loss)	(7,114)	9,537
Extraordinary gain		
Gain on step acquisitions	―	3,810
Gain on sales of shares of subsidiaries and associates	2,240	―
Subsidies for employment adjustment	745	―
Total extraordinary gain	2,986	3,810
Extraordinary loss		
Loss on disposal of property and equipment	211	―
Impairment losses	108	―
Loss on closing of stores	216	12
COVID-19-related loss	2,876	296
Total extraordinary loss	3,414	308
Income (loss) before income taxes	(7,542)	13,038
Income taxes	753	5,224
Net income (loss)	(8,295)	7,813
Net income (loss) attributable to non-controlling interests	(159)	47
Net income (loss) attributable to parent company shareholders	(8,136)	7,766

Consolidated Statements of Comprehensive Income (Loss)
Second Quarter Period

(Millions of yen)

	2Q of Fiscal 2021 (From April 1, 2021 to September 30, 2021)	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)
Net income (loss)	(8,295)	7,813
Other comprehensive income		
Net unrealized gains (losses) on other securities	301	252
Deferred gains (losses) on hedges	(2)	(43)
Foreign currency translation adjustments	1,027	2,784
Gain (loss) on revision of retirement benefit plans	112	125
Amount corresponding to equity interest in equity method affiliates	6,356	6,645
Total other comprehensive income	7,794	9,765
Comprehensive income	(500)	17,578
(Breakdown)		
Comprehensive income attributable to parent company shareholders	(567)	16,830
Comprehensive income attributable to non-controlling interests	67	747

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	2Q of Fiscal 2021 (From April 1, 2021 to September 30, 2021)	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Income (loss) before income taxes	(7,542)	13,038
Depreciation and amortization	12,406	12,425
Impairment losses	108	12
Amortization of goodwill	―	216
Increase (decrease) in allowance for bonuses	(427)	(51)
Increase (decrease) in allowance for doubtful accounts	29	18
Increase (decrease) in net defined benefit liabilities	240	1,241
Interest and dividend income	(443)	(441)
Interest expenses	434	385
Equity in loss (earnings) of affiliated companies	(283)	(1,278)
Loss (gain) on step acquisitions	―	(3,810)
Subsidies for employment adjustment	(745)	―
Decrease (increase) in receivables	23,202	4,710
Decrease (increase) in inventories	1,344	919
Increase (decrease) in payables	(15,817)	(4,832)
Increase (decrease) in accrued expenses	(1,148)	(411)
Increase (decrease) in accrued liabilities	(2,264)	(577)
Other, net	(11,643)	(5,861)
Sub-total	(2,550)	15,702
Interest and dividend income received	3,143	3,571
Interest expense paid	(434)	(385)
Subsidies for employment adjustment received	745	―
Income taxes paid	(1,105)	(470)
Income taxes refund	5,083	4,654
Net cash provided by operating activities	4,881	23,073
Cash flows from investing activities		
Increase in fixed deposits	(10)	(510)
Decrease in fixed deposits	186	10
Payments for purchase of tangible fixed assets	(6,731)	(6,165)
Payments for purchase of intangible fixed assets	(3,927)	(2,669)
Proceeds from sales of tangible and intangible fixed assets	17	1
Proceeds from collection of lease and guarantee deposits	1,700	1,452
Purchase of shares of subsidiaries resulting in change in scope of consolidation	―	(10,599)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(2,755)	―
Payments for purchase of marketable securities and investment securities	(226)	(227)
Proceeds from sales and redemption of marketable securities and investment securities	2,086	916
Other, net	(1,607)	(694)
Net cash used in investing activities	(11,267)	(18,486)

(Millions of yen)

	2Q of Fiscal 2021 (From April 1, 2021 to September 30, 2021)	2Q of Fiscal 2022 (From April 1, 2022 to September 30, 2022)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	104	(134)
Proceeds from borrowings of long-term debt	―	3,800
Repayment of long-term debt	(1,300)	(3,800)
Redemption of bonds	―	(10,000)
Increase (decrease) in commercial paper	―	10,000
Dividends paid	(2,274)	(1,898)
Repayment of lease obligations	(816)	(972)
Payments for purchases of shares of subsidiaries that do not result in change in scope of consolidation	(280)	(281)
Other, net	(2)	(2)
Net cash used in financing activities	(4,567)	(3,289)
Effect of exchange rate changes on cash and cash equivalents	698	1,928
Net increase (decrease) in cash and cash equivalents	(10,255)	3,225
Cash and cash equivalents at beginning of period	102,797	84,472
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	―	1
Cash and cash equivalents at end of period	92,542	87,699

(4) Notes regarding Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

Effective from the beginning of the first quarter of the fiscal year under review, the Company adopted the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter, "Implementation Guidance on Accounting Standard for Fair Value Measurement"). Under the transitional treatment stipulated in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company decided to adopt the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Fair Value Measurement, etc. for the future. There is no impact on the quarterly consolidated financial statements.

(Adoption of special accounting treatment used in preparation of the quarterly consolidated financial statements)

Calculation of tax expenses

The effective tax rate on income before income taxes for the current fiscal year after tax effect accounting is reasonably estimated, and such estimated tax rate is applied to income before income taxes for the quarterly period to calculate the estimated tax expenses.

(Additional information)

(Accounting estimates regarding the impact of COVID-19)

While it is difficult to accurately predict how COVID-19 will spread in the future or when it will be contained, accounting estimates have been made for the recoverability of deferred tax assets and impairment accounting of property and equipment for the second quarter of the fiscal year under review based on the assumption that the impact will continue until fiscal 2024. There is no important change to the description provided in (Significant accounting estimates) on the securities report (*Yukashoken Houkokusho*) for the previous fiscal year.

As there is a high level of uncertainty surrounding the impact of COVID-19 on economic activities, if changes in the above assumption occur, the consolidated financial statements of the Group may be affected.

(Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

Effective from the beginning of the first quarter of the fiscal year under review, the Company and some of its domestic consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system. As a result of this change, the provisions of "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021; hereinafter, "Practical Solution No. 42") are applied to the accounting treatment and disclosure of corporate income tax, local corporate income tax, and tax effect accounting. The change in accounting policy associated with the application of Practical Solution No. 42 is deemed to have no impact, based on Paragraph 32 (1) of Practical Solution No. 42.

(Segment information)

[Segment information]

I. Second quarter of the previous consolidated accounting period (April 1, 2021 to September 30, 2021)

1. Information concerning segment sales, income and losses

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on quarterly Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	165,345	8,876	6,693	180,915	7,017	187,932	—	187,932
Intersegment sales or transfer	1,128	5,609	702	7,441	17,503	24,944	(24,944)	—
Total	166,473	14,486	7,396	188,356	24,520	212,877	(24,944)	187,932
Segment income (loss)	(12,636)	2,606	2,494	(7,536)	(313)	(7,849)	91	(7,758)

Notes
1. The other businesses segment includes the services of manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, travel business, and beauty business that are not included in other reporting segments.
2. The segment income (loss) adjustment of ¥91 million is intersegment eliminations, unrealized income, etc.
3. Segment income (loss) is adjusted to operating loss.

2. Information concerning impairment losses on property and equipment or goodwill by segment

Disclosure is omitted due to immateriality.

II. Second quarter of the current consolidated accounting period (April 1, 2022 to September 30, 2022)

1. Information concerning segment sales, income and losses

(Millions of yen)

	Reporting segments				Other businesses (Note 1)	Total	Adjusted amounts (Note 2)	Amount listed on quarterly Consolidated Statement of Income (Note 3)
	Department store business	Credit & finance business/ Customer organization management business	Real estate business	Subtotal				
Sales								
Sales to outside customers	192,467	8,948	7,935	209,351	13,522	222,874	—	222,874
Intersegment sales or transfer	1,435	5,778	1,120	8,334	18,390	26,724	(26,724)	—
Total	193,903	14,726	9,055	217,685	31,912	249,598	(26,724)	222,874
Segment income (loss)	5,133	1,721	2,108	8,962	(171)	8,791	149	8,940

Notes
1. The other businesses segment includes the services of retailing, manufacturing, exporting, importing, wholesaling, distribution, temporary personnel service, data processing service, and travel business that are not included in other reporting segments.
2. The segment income (loss) adjustment of ¥149 million is intersegment eliminations, unrealized income, etc.
3. Segment income (loss) is adjusted to operating income.

2. Information concerning impairment losses on property and equipment or goodwill by segment

During the first quarter of the fiscal year under review, assets of the “other businesses” segment increased by ¥22,321 million compared to the end of the previous fiscal year, due to the acquisition of additional shares of IM Food Style Ltd., and its inclusion in the scope of consolidation.

3. Information concerning impairment losses on property and equipment or goodwill by segment

(Significant impairment losses related to property and equipment)

Disclosure is omitted due to immateriality.

These impairment losses have been included in loss on closing of stores under extraordinary loss in the consolidated statements of income.

(Significant changes in the amount of goodwill)

Goodwill of ¥11,259 million arose from the acquisition of additional shares of IM Food Style Ltd., and its inclusion in the scope of consolidation in “other businesses.” This amount of goodwill is based on a provisional calculation, as the allocation of acquisition cost is not yet completed